

VZCZCXR05309
RR RUEHIK
DE RUEHUP #0886 3481303
ZNR UUUUU ZZH
R 141303Z DEC 09
FM AMEMBASSY BUDAPEST
TO RUEHC/SECSTATE WASHDC 4752
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE

UNCLAS BUDAPEST 000886

SENSITIVE
SIPDIS

DEPT FOR EUR/CE JAMIE MOORE; PARIS FOR FAA TRICIA STACEY,
COMMERCE FOR SILVIA SAVICH

E.O. 12958: N/A

TAGS: KCOR PGOV PREL EAIR EINV EFIN ETRD HU
SUBJECT: ARREST TAINTS BUDAPEST AIRPORT'S PREVIOUSLY CLEAN
IMAGE

REF: A. BUDAPEST 851
1B. BUDAPEST 872
1C. BUDAPEST 787

11. (U) Hungarian authorities announced on December 5 the arrest of Budapest Airport's (BA) legal director Krisztina Renyi-Vamos, along with her former colleague Gyorgy Sziebert, who until this week served as legal director for Budapest transport company BKV. Both individuals were charged with bribery and malpractice, and are alleged to have respectively funneled BA and BKV contracts to select law firms for kickbacks.

12. (U) Econoff spoke by telephone with Mihaly Hardy, BA's director of corporate affairs. Hardy did not offer any more details beyond what the media had already reported, only stating that BA will terminate Renyi-Vamos' employment and is fully cooperating with the investigation.

13. (SBU) COMMENT: For Budapest Airport, a privately run company with aggressive expansion plans (Ref A), the specifics of this case may matter less than the damage it has already inflicted on its previously clean image. With the future of the airport less than firm due to its dependence on the health of struggling Malev Airlines, BA can ill afford another reason for potential customers and investors to steer clear. More broadly, this story only adds to a rapidly growing number of corruption and transparency scandals (Ref B and C) that threaten to make Hungary less attractive for foreign investment.

LEVINE